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EXCIS

D76

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INQUIRE=DOC20D

ITEM NO=00020163

ENVELOPE

CDSN = LGX808 MCN = 92328/07204 TOR = 923280857

RTTCZYUW RUEKJCS0948 3280853-CCCC--RUEALGX.

ZNY CCCCC

HEADER

R 230853Z NOV 92

FM JOINT STAFF WASHINGTON DC

INFO RUEADWD/OCSA WASHINGTON DC

RUEAHQA/CSAF WASHINGTON DC

RUEADWD/PTC WASH DC

RUFGAID/USEUCOM AIDES VAIHINGEN GF

RHCGSRB/COMUSARCENT FT MCPHERSON GA//AFRD-DSO//

RUEOACC/CDRPSYOPGP FT BRAGG NC//AORC-POG-SB//

RUWSMXI/AMC INTEL CEN SCOTT AFB IL//IN//

RUCJACC/USCINCCENT MACDILL AFB FL//CARA//

RUCQVAB/USCINCSOC INTEL OF 5 CEN MACDILL AFB FL

RUEOFAA/COMJSOC FT BRAGG NC//J2//

RULKQAN/MARCORINTCEN QUANTICO VA

RUEALGX/SAFE

R 230848Z NOV 92

FM AMEMBASSY RIYADH

TO RUEHC/SECSTATE WASHDC 0098

INFO RUEHZM/GCC COLLECTIVE

RUFHLD/AMEMBASSY LONDON 5514

RUFHFR/AMEMBASSY PARIS 3727

RUEATRS/TREASURY WASHDC

BT

CONTROLS

C O N F I D E N T I A L RIYADH 08928

E.O. 12356: DECL: OADR

BODY

TAGS: EFIN, SA

SUBJECT: NCB FLOTATION OF SHARES RULED OUT

REF: (A) RIYADH 7979 (B) DHAHRAN 1420

1. (U) SAUDI ARABIA'S NATIONAL COMMERCIAL BANK (NCB) WILL NOT GO PUBLIC BY ISSUING A SHARE OFFERING, ACCORDING TO A REUTERS STORY CARRIED ON THE FRONT PAGE OF LOCAL SAUDI NEWSPAPERS ON NOVEMBER 17. QUOTING UNNAMED SAUDI BANKERS, THE STORY SAID NCB'S PLANS TO TRANSFORM ITSELF INTO A PUBLIC COMPANY WERE SHELVED DUE TO PROBLEMS IN VALUING ITS ASSETS. NCB REMAINED UNABLE TO PUBLISH AUDITED RESULTS EVEN AFTER THE DEPARTURE OF KHALID BIN MAFHOUZ, THE STORY NOTED. NCB LAST RELEASED AN ANNUAL REPORT IN 1989.

2. (U) WHILE NO OFFICIAL NCB COMMENT WAS AVAILABLE, THE

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DEPARTMENT OF STATE

IS/FPC/CDR

DRP Date 9/8/94

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FOIA Exemptions B1
PA Exemptions

MR Cases Only:
EO Citations

TS authority to:
() CLASSIFY () S or () C OADR
() DOWNGRADE TS to () S or () C OADR

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REPORT QUOTED UNIDENTIFIED BANK STAFFERS AS SAYING THAT THE BANK HOPED A PUBLIC FLOTATION WOULD BE POSSIBLE ONCE THE ACCOUNTS WERE CLEARED, PERHAPS IN 1993. THE STORY CONFIRMED THAT NCB WAS PLANNING A SHARE OFFERING TO INCREASE ITS CAPITAL BASE, AND TO MEET INTERNATIONAL CAPITAL ADEQUACY REQUIREMENTS.

3. (U) SPECULATING ON NCB'S CONTINUED EXISTENCE IN ITS CURRENT FORM, THE ARTICLE NOTED NCB'S BUSINESS HAS NOT KEPT PACE WITH THE EXTRAORDINARY GROWTH OF THE SAUDI BANKING SYSTEM OVER THE LAST THREE YEARS. THE ARTICLE NOTED NCB'S LOSS OF OVERSEAS BRANCHES IN LONDON AND NEW YORK AND ITS DIMINISHED INTERNATIONAL LINKS WITH BANKS IN THE WAKE OF THE BCCI INVESTIGATION. NCB'S LOANS MAY BE LARGER THAN NCB'S ASSETS, ESTIMATED BY THE BANK TO BE USD 22 BILLION AT THE END OF 1991, THE ARTICLE ADDED.

4. (C) THIS ARTICLE ADDS TO REPORTS OF CONTINUED PROBLEMS AT NCB. BANKERS IN RIYADH HAVE NOTED THAT NCB HAS LOST MANY DEPOSITORS TO OTHER LOCAL BANKS, PARTICULARLY IN THE GROWING ISLAMIC BANKING SECTOR.

WELCH

ADMIN
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